



## KANSAS BOARD OF REGENTS

### HOUSE COMMITTEE ON APPROPRIATIONS

March 3, 2016

#### *HB 2703*

**Blake Flanders, Ph.D.  
President and CEO Kansas Board of Regents**

Good morning Chairman Ryckman and Members of the Committee. The Board of Regents appreciates this opportunity to discuss how we can partner with the Legislature on oversight of capital improvement projects at our universities. In its initial form, we have questions on how the limitations contained in New Section 1 of HB 2703 would function or how they would be implemented.

The Board, our universities, and the State are caretakers of over 850 buildings across Kansas with a replacement value of over \$8.3 billion. The Board takes its role in governing the universities quite seriously—both from a capital planning and financial perspective. To this end, the Board has established a series of policies on how capital project requests proceed through the planning and approval stages.

First, every university must start with a campus master plan that documents concepts and guiding principles for future land use and development of campus facilities and infrastructure, which require Board approval. To execute the objectives established in their master plans, each university submits individual projects as part of their Capital Improvements Five-Year Plan. The Five-Year Plans are reviewed by the Board for conformance with the master plan, approved by the full Board, and then presented to the Joint Committee on State Building Construction.

A table is attached that shows how projects of different size are handled. Our Director of Facilities, Greg Hoffman, reviews and advises the Board on the viability of projects. The Board reviews projects as they surface, meeting on a monthly basis, September through June.

For financing purposes, each university must demonstrate that any proposed project to be financed with debt obligations can be accommodated within the university's debt capacity as monitored by the Board. If a university proposes to change its approved project debt financing plan, these changes must be presented to the Board for approval.

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Realizing that the availability of state appropriations is quite limited, universities are seeking private donations and using other models to ensure capital needs are met. Our research institutions in particular must compete with their peers in other states for federal and private grant dollars. Suitable laboratory or other research facilities are an important element in that competition for faculty, dollars and increased rankings.

In summary, the Board is pleased to discuss how the Legislature can offer additional guidance on how the maintenance and financing of our buildings are managed. In turn, we would like to partner with you to address the intent of HB 2703 and the future capital needs of our institutions in an environment where state funds are limited.

Thank you for the opportunity to appear before you on this bill.

Kansas Board of Regents - Testimony on HB 2703 - March 3, 2016  
Attachment

	Board of Regents	Building Committee	Full Legislature	Program Statement required?	Execution process (architect/contractor)
<b>Capital Improvements and Financing &gt; \$1,000,000</b>					
Affiliated Corporations	approve	advise		yes	Campus
State General Fund	approve	advise	approve (DA 418)	yes	State selection/bid
All Other Non-State Funds	approve	advise		yes	K.S.A. 76-7,125 <i>et seq</i>
Revenue Bonds	approve	advise	approve (DA 418)	yes	State selection/bid
Federal Grants	approve	advise		yes	K.S.A. 76-7,125 <i>et seq</i>
Educational Building Fund	approve	advise	***1	yes	State selection/bid
<b>Rehabilitation and Repair Projects<sup>2</sup></b>					
Affiliated Corporations	approve	advise		no	Campus
State General Fund/EBF	approve	advise		no	State selection/bid
All Other Non-State Funds	approve	advise		no	K.S.A. 76-7,125 <i>et seq</i>
Federal Grants	approve	advise		no	K.S.A. 76-7,125 <i>et seq</i>
<b>Deferred Maintenance Projects</b>					
Infrastructure Maintenance Funds	approve	advise		no	State selection/bid
University Interest	approve	advise		no	K.S.A. 76-7,125 <i>et seq</i>
Tax Credits	approve	advise		no	State selection/bid
<b>Energy Performance Contracting</b>	approve	advise			K.S.A. 75-37,111 through 37,114 and 75-37,125
<b>Building Razing</b>	approve	advise <sup>3</sup>			

<sup>1</sup> If new project or major renovation.

<sup>2</sup> Projects < \$750,000 require only Director's approval.

<sup>3</sup> Not required by law.